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Chairman



Representative Gary Carter
Vice Chairman

Fiscal Year 21-22 HB1 Budget Review Department of Environmental Quality

House Committee on Appropriations
House Fiscal Division

April 19, 2021

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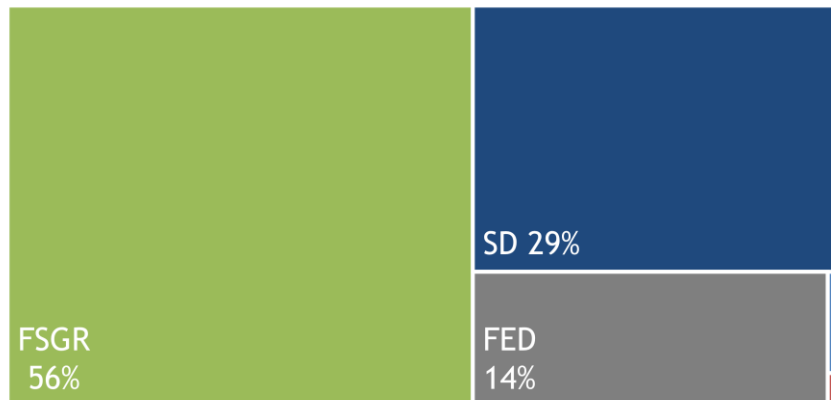
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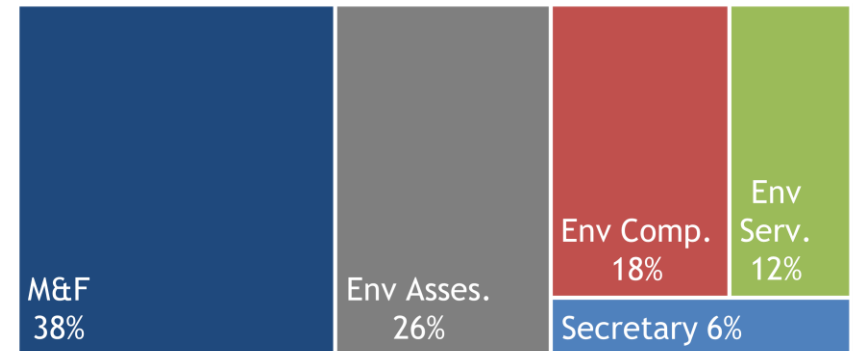
FY22 BUDGET RECOMMENDATION

Total Budget = \$134,433,334

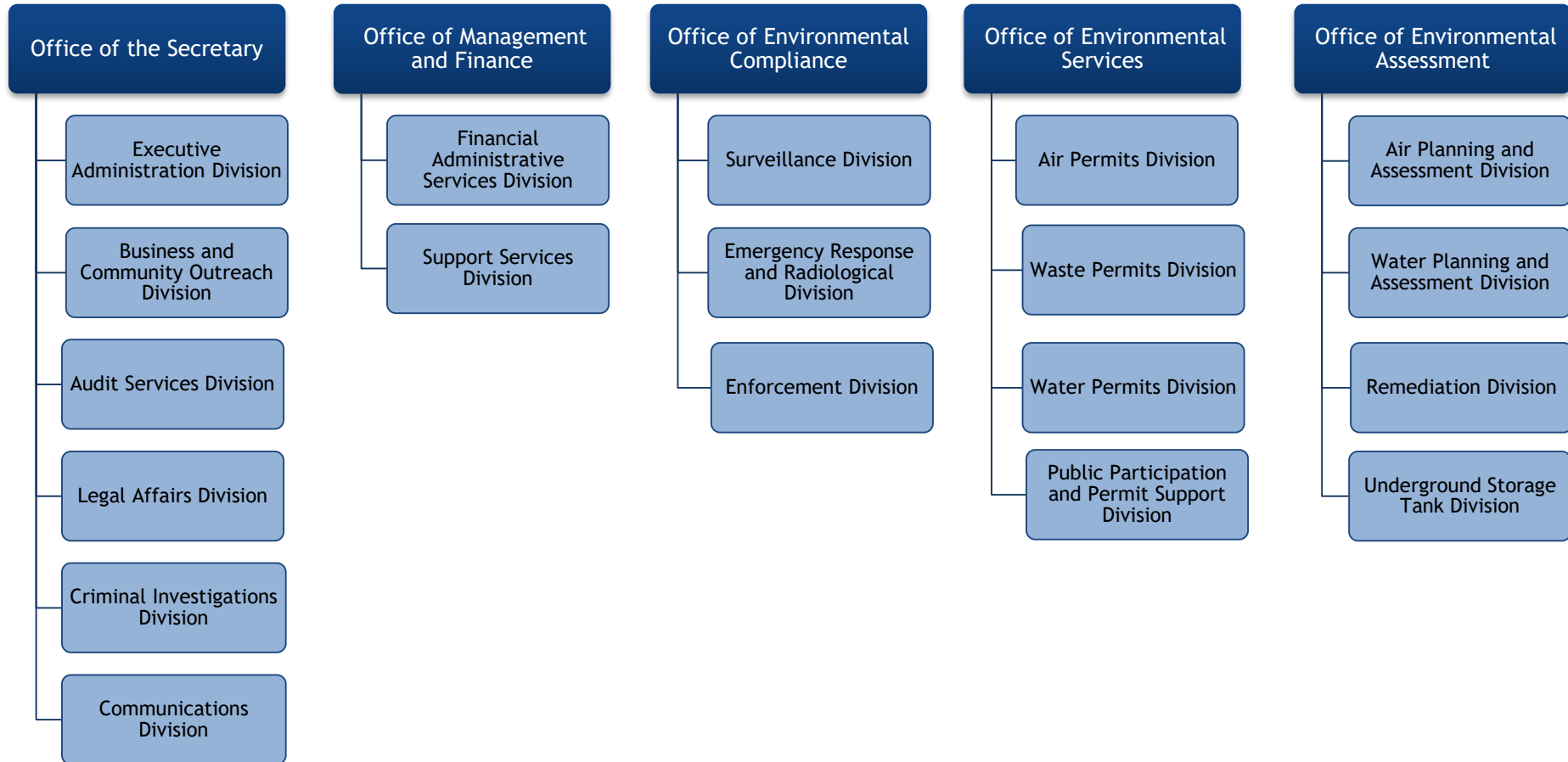
Means of Finance	
State General Fund	\$529,624
Interagency Transfers	\$174,361
Fees & Self-generated	\$75,072,092
Statutory Dedications	\$39,422,956
Federal	\$19,234,301
Total	\$134,433,334



Program Breakdown		
	Budget	Positions
Secretary	\$8,074,890	70
Environmental Compliance	\$24,033,897	235
Environmental Services	\$16,361,616	160
Management & Finance	\$51,262,240	54
Environmental Assessment	\$34,700,691	188
Total	\$134,433,334	707



DEPARTMENT ORGANIZATION



DEPARTMENT OVERVIEW



The mission of the Department of Environmental Quality is to provide services to the people of Louisiana through comprehensive environmental protection in order to promote and protect health, safety and welfare while considering sound policies that are consistent with statutory mandates.

Public Safety

- Protects public safety, health and welfare by protecting and improving the environment.

Environmental Compliance

- Increases compliance with federal and state environmental laws through the use of surveillance and enforcement measures in coordination with the federal Environmental Protection Agency.

Policy

- Provides comprehensive environmental protection while considering sound economic development and employment policies.

Emergency Response

- Provides leadership and training to local and state first responders with regards to hazardous materials situations.

OFFICE OF THE SECRETARY

Business and Community Outreach Division

- Provides regulatory and non-regulatory approaches to protect and improve the environment through technical assistance or outreach programs.

Legal Affairs Division

- Provides legal advice, consultation, representation to all of the offices of the department and drafts and reviews contracts, agreements, and settlements

Audit Services Division

- Performs audits on the department, as well as private entities that do not appear to be paying fees to the department on a self-reporting basis.

Communications Division

- Handles all media functions, including media inquiries, press releases, managing the website, and managing social media.

*Galvez Building
Baton Rouge, LA*



OFFICE OF MANAGEMENT AND FINANCE

Financial Administrative Services Division

- Performs accounting, financial and various other activities that help support the department.
- Responsible for the Motor Fuel Underground Storage Tank Trust Fund reimbursement processing and Revolving Loan Financial processing and reporting.

Support Services Division

- Provides support to the department in the following areas: human resources, safety trainings, information technology assistance, and records management.



OFFICE OF ENVIRONMENTAL COMPLIANCE

Surveillance Division

- Inspects facilities for permit compliance.
- Responds to citizen complaints in regards to unauthorized releases of water or air pollution.

Emergency Response and Radiological Division

- Responds to chemical and environmental emergencies.
- Serves as the single point of contact for reporting spills the department.
- Provides administrative services for radiation sources, such as administering the testing of radiographers and managing the licenses for radioactive sources in the state.

Enforcement Division

- Enforces penalties for violations of state and federal laws.



OFFICE OF ENVIRONMENTAL SERVICES

Air Permits Division

- Authorizes air quality permits.

Waste Permits Division

- Authorizes Solid Waste and Hazardous Waste Regulations permits.
- Provides engineering and geological services throughout the state.
- Responsible for the Waste Tire Program.

Water Permits Division

- Authorizes permits administered under Louisiana Water Quality Regulations.

Public Participation and Permit Support Division

- Provides support to permit divisions with administration, database management, certifications, accreditations and notifications.
- Facilitates public participation through public hearings and informing the public through notices.



OFFICE OF ENVIRONMENTAL ASSESSMENT

Air Planning and Assessment Division

- Evaluates the overall quality of the state's air resources.
- Develops & maintains the state's implementation plan, describing control strategies to address federally mandated ambient air quality standards.

Water Planning and Assessment Division

- Evaluates the overall quality of the state's water resources.

Remediation Division

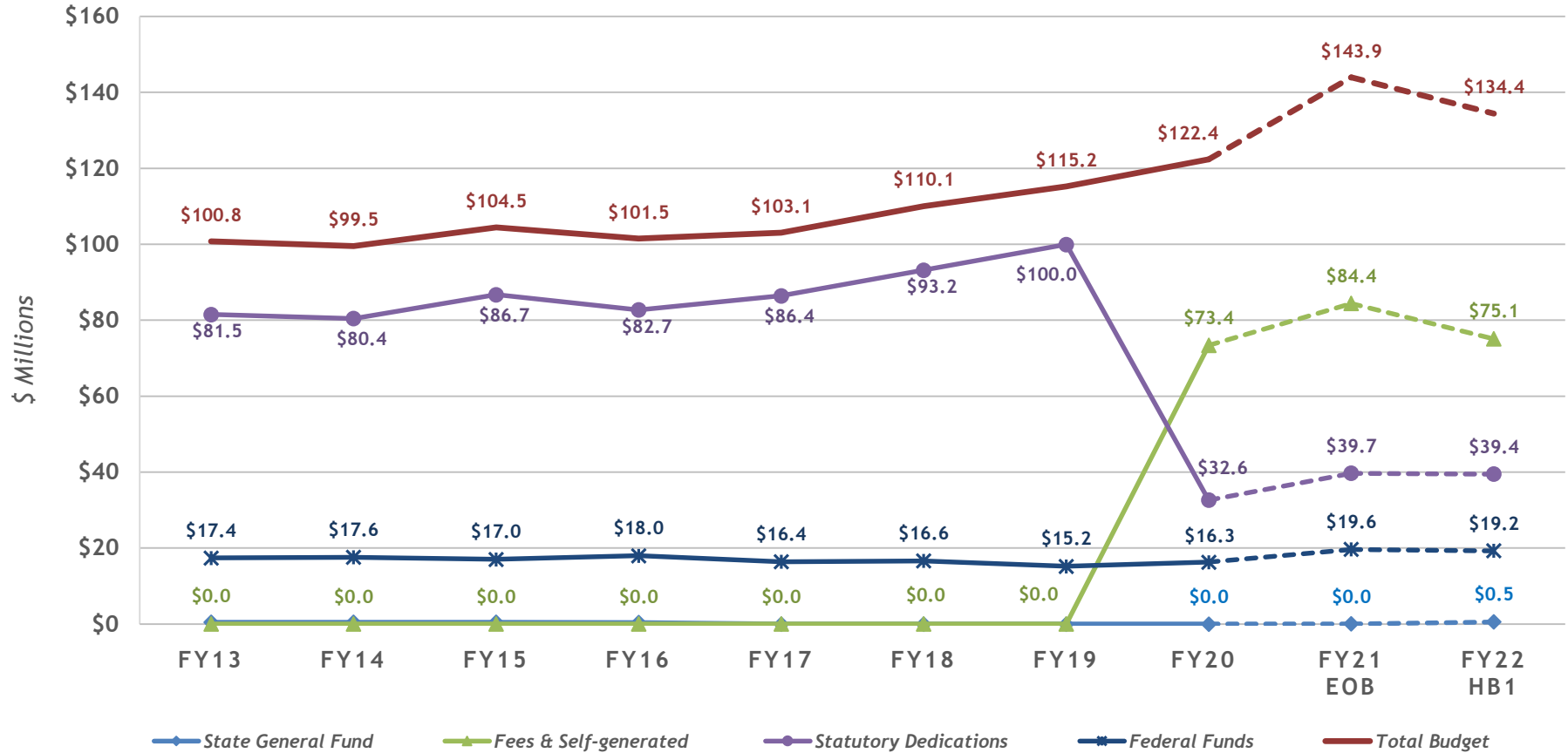
- Functions to protect the state's soil, groundwater, and surface water resources from unauthorized historical and future releases to the environment.
- Investigates, evaluates, and cleans up contamination at both active facilities and abandoned sites.

Underground Storage Tank Division

- Investigates, evaluates, monitors and cleans up contamination at active and closed Underground Storage Tank sites.



HISTORICAL SPENDING



Source: Office of Planning and Budget - Budget Supporting Documents; and HB1 of the 2021 Regular Session

FY20 UNSPENT AUTHORITY

	End of Fiscal Year Budget	Actual Amount Spent	Unspent Budget Authority*	Unspent Authority %	Unspent % by MOF
SGF	\$0	\$0	\$0	0.0%	0.0%
IAT	\$30,000	\$20,572	\$9,428	31.4%	0.1%
FSGR	\$24,790	\$14,750	\$10,040	40.5%	0.1%
Stat Ded	\$113,996,762	\$106,052,125	\$7,944,637	7.0%	70.4%
Federal	\$19,634,301	\$16,312,783	\$3,321,518	16.9%	29.4%
FY20 Total	\$133,685,853	\$122,400,230	\$11,285,623	8.4%	100.0%

Historical Total Unspent Authority for Comparison

	End of Fiscal Year Budget	Actual Amount Spent	Unspent Budget Authority	Unspent %
FY19 Total	\$128,478,719	\$115,221,736	\$13,256,983	10.3%
FY18 Total	\$125,753,099	\$110,065,052	\$15,688,047	12.5%
3 Year Avg.	\$129,305,890	\$115,898,419	\$13,407,471	10.4%

* Act 404 of the 2019 Regular Session changed the Environmental Trust Fund from Statutory Dedication to a Fees & Self-generated Revenue account

FY20 UNSPENT AUTHORITY

Did department collect all revenue budgeted?

	Final Budget (w/o FY21 carryfwd)	Actual Revenue Collections	Uncollected Revenue
SGF	\$0	\$0	\$0
IAT	\$30,000	\$20,572	(\$9,428)
FSGR	\$24,790	\$14,750	(\$10,040)
SD	\$113,996,762	\$154,164,343	\$40,167,581
FED	\$19,634,301	\$16,312,783	(\$3,321,518)
FY20 Total	\$133,685,853	\$170,512,448	\$36,826,595
FY19 Total	\$128,478,719	\$116,607,669	(\$11,871,050)
FY18 Total	\$125,753,099	\$110,065,052	(\$15,688,047)
3 Year Avg.	\$129,305,890	\$132,395,056	\$3,089,166

The department collected \$36.8 million more than the FY20 budget. The over collection comes entirely from Statutory Dedications. Federal grants contributing the most to uncollected revenue are the Non-Point Source Grants and the Leaking Underground Storage Tank Hurricane Harvey Grant.

Did department spend all collections?

	Actual Revenue Collections	Actual Expenditures	Unspent Revenue
SGF	\$0	\$0	\$0
IAT	\$20,572	\$20,572	\$0
FSGR	\$14,750	\$14,750	\$0
SD	\$154,164,343	\$106,052,125	(\$48,112,218)
FED	\$16,312,783	\$16,312,783	\$0
FY20 Total	\$170,512,448	\$122,400,230	(\$48,112,218)
FY19 Total	\$116,607,669	\$115,229,974	(\$1,377,695)
FY18 Total	\$110,065,052	\$110,065,052	\$0
3 Year Avg.	\$132,395,056	\$115,898,419	(\$16,496,637)

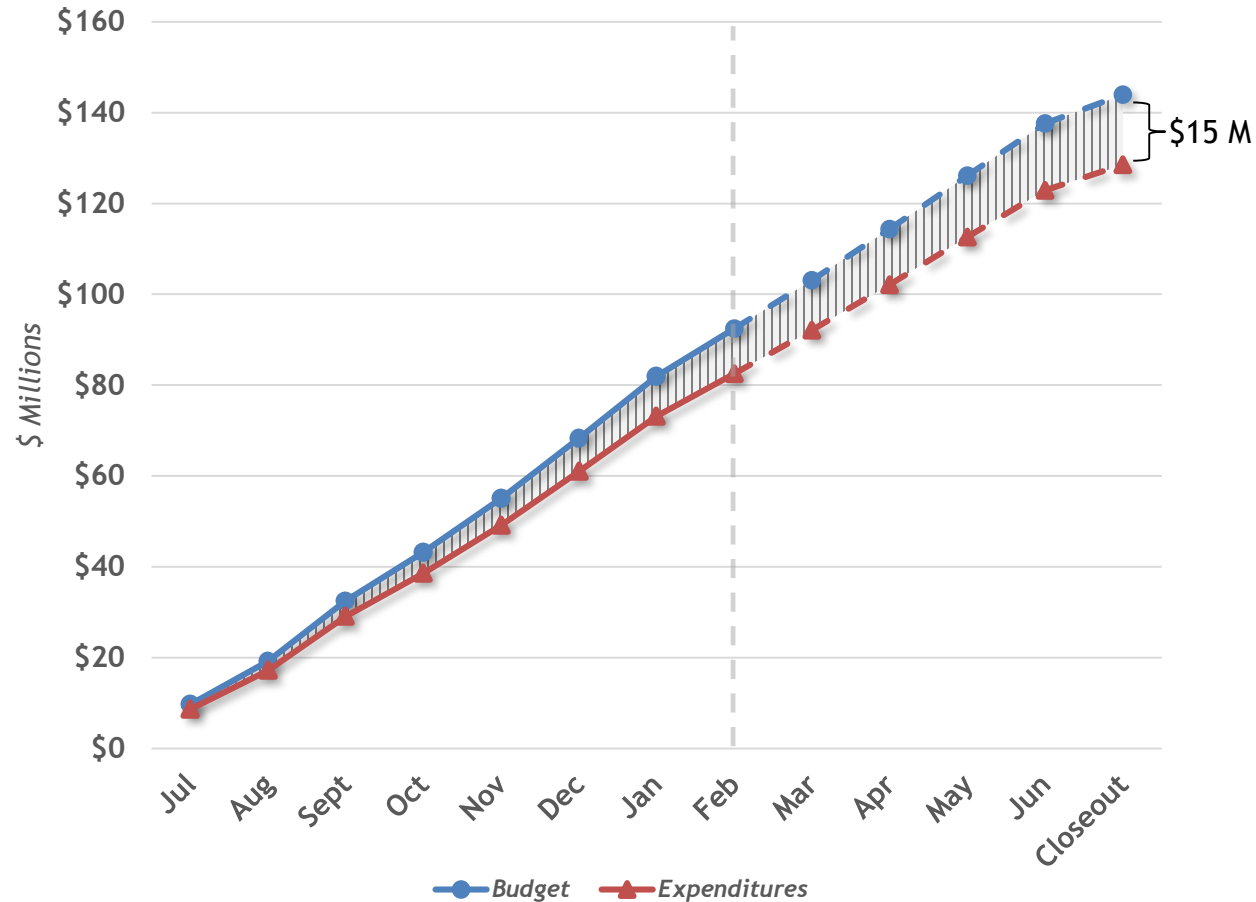
The department collected \$48 million more than was spent statutory dedications. This is significantly more than the \$1.4 million unspent revenue in FY19 and no unspent revenue in FY18.

FY21 CURRENT EXPENDITURE TREND

Approximately \$128.5 million (89.3%) from all means of finance could be spent based on actual spending patterns through February and projections through the remainder of the fiscal year. This would leave \$15 million or 10.7% of the department's total budget authority unspent.

The department is projected to underspend budget amounts in the Motor Fuels Program and the Waste Tire Management Program, various federal grants, and savings in Personnel Services.

In FY20, the department spent 91.6% of its total budget comparing its end of year budget and actual expenditures while factoring out funding carried over into FY21.



FY22 SOURCES OF FUNDING

Interagency Transfers \$174,361

- Interagency Transfers are associated with Natural Resource Damage Assessment (NRDA) projects with CPRA and with the Office of Community Development for the Louisiana Watershed Initiative.

Self-generated Revenue \$75.1 M

- Environmental Trust Dedicated Fund Account consists of fees pursuant to the authority granted in R.S. 30:2015, and any other provisions of law authorizing the department to assess fees.
- Revenues are also generated from registration fees for seminars, the sale of regulations, manifest forms, photocopies, etc.

Federal Funds \$19.2 M

- These funds come from the Environmental Protection Agency (EPA) for various grants and programs, including:
 - Performance Partnership Grants
 - Leaking Underground Storage Tank Grant
 - Transuranic Waste Shipment
 - Air Quality Asbestos Program
 - Water Quality Management Grant
 - Louisiana Clean Diesel Grant

FY22 STATUTORY DEDICATIONS

Fund Name	FY22 HB1	Funding Source	Use
Motor Fuels Underground Tank Fund	\$16,649,485	Fees on the first sale or delivery of motor fuel upon withdrawal from bulk of that fuel and per eligible underground storage tank per year payable by owners of such tanks.	Assessment of contaminated sites, interim replacement and restoration of contaminated portable water supply, and rehabilitation and remediation of contaminated sites.
Waste Tire Management Fund	\$13,000,000	Fees collected on the sale of new tires.	Funds used to solve the state's waste tire problem and dispose of waste tires.
Hazardous Waste Site Cleanup Fund	\$6,345,871	Sums recovered from settlements or judgements, and Hazardous Waste Tax.	Investigation, testing, containment, control, and cleanup of hazardous waste sites.
Clean Water State Revolving Fund	\$3,000,626	Federal grants and state funds when required.	Provide loans for projects to comply with the Clean Water Act.
Oil Spill Contingency Fund	\$226,974	Oil spill contingency fees, taxes, penalties, etc.	Immediately provide funds for response to threatened or actual discharges of oil or damage to natural resources.
Lead Hazard Reduction Fund	\$150,000	Fees collected from lead contractors and inspectors who are licensed to engage in lead hazard activities.	Surveillance of regulated facilities to ensure protocol for air emissions, solid and hazardous waste, waste tires, water discharges, and asbestos regulations are followed.
Brownfields Cleanup Revolving Loan Fund	\$50,000	Federal grants from the EPA from the Brownfields Cleanup Revolving Grant.	Provide loans for the cleanup, redevelopment, and reuse of brownfields sites to reduce public and environmental health risks.

Source: Office of Planning and Budget - Budget Supporting Documents; HB1 of the 2021 Regular Session

FY22 FUNDING COMPARISON

Means of Finance	FY20 Actual Expenditures	FY21 Existing Operating Budget 12/1/20	FY22 HB1 Budget	Change from Existing Operating Budget to HB1		Change from Actual Expenditures to HB1	
SGF	\$0	\$0	\$529,624	\$529,624	0.0%	\$529,624	0.0%
IAT	\$20,572	\$174,361	\$174,361	\$0	0.0%	\$153,789	747.6%
FSGR	\$73,386,764	\$84,433,739	\$75,072,092	(\$9,361,647)	(11.1%)	\$1,685,328	2.3%
Stat Ded	\$32,648,120	\$39,696,572	\$39,422,956	(\$273,616)	(0.7%)	\$6,774,836	20.8%
Federal	\$16,312,783	\$19,634,301	\$19,234,301	(\$400,000)	(2.0%)	\$2,921,518	17.9%
Total	\$122,368,239	\$143,938,973	\$134,433,334	(\$9,505,639)	(6.6%)	\$12,065,095	9.9%

Significant funding changes from FY21 EOB:



\$9.4M FSGR

Decrease in the Environmental Trust Fund Account collections from the most recent Revenue Estimating Conference (REC) is the most significant factor in causing this reduction.



\$273,616 Stat Ded

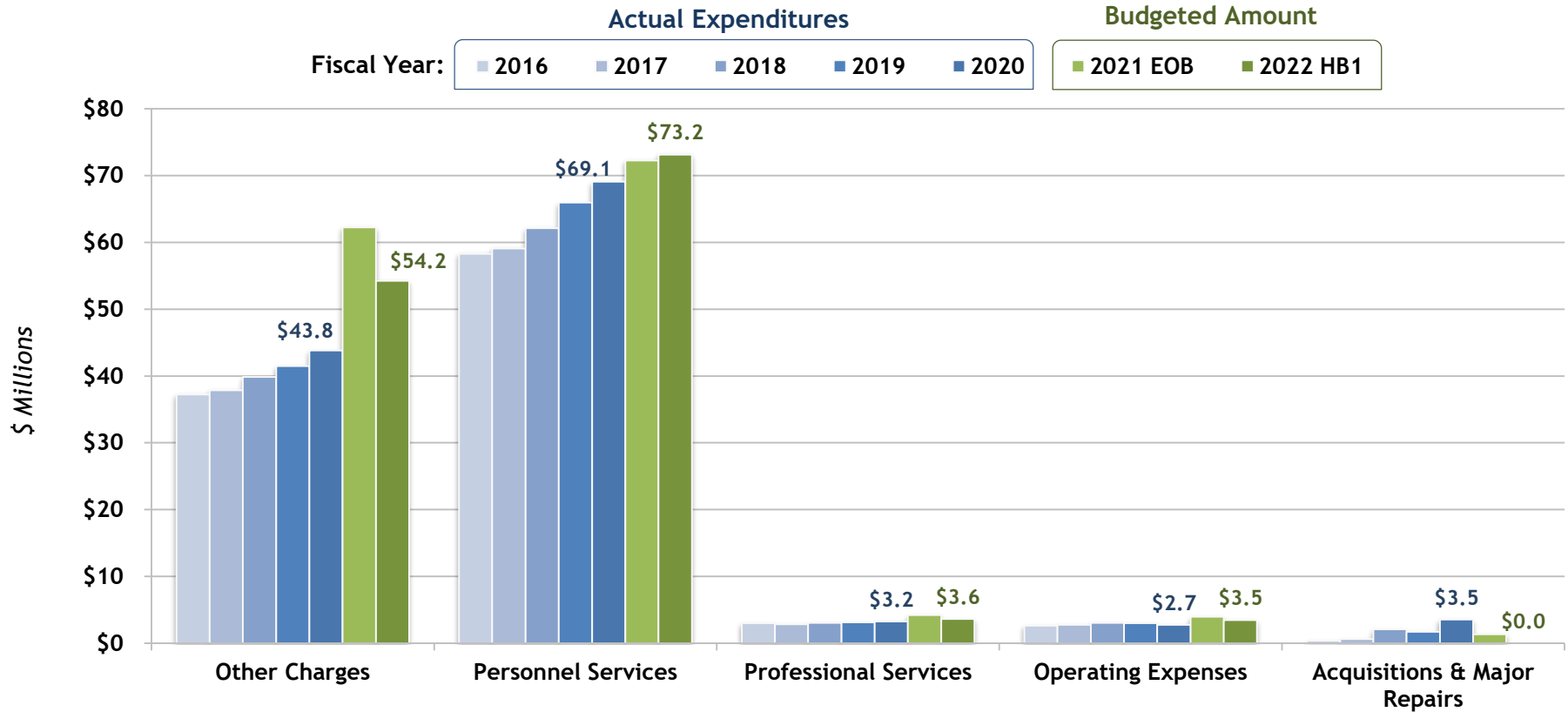
Decrease in funds carried into FY 21 from the prior year. This is offset by increases for the Hazardous Waste Site Cleanup Fund, Clean Water State Revolving Fund, and the Brownfields Cleanup Revolving Fund.



\$400,000 Federal

Decrease in funds for the Office of Environmental Assessment due to excess federal budget authority.

EXPENDITURE HISTORY



Source: Office of Planning and Budget - Executive and Proposed Budget Supporting Documents

FY22 EXPENDITURE COMPARISON

Expenditure Category	FY20 Actual Expenditures	FY21 Existing Operating Budget 12/1/20	FY22 HB1 Budget	Change from Existing Operating Budget to HB1		Change from Actual Expenditures to HB1	
Salaries	\$43,448,730	\$45,845,167	\$46,479,888	\$634,721	1.4%	\$3,031,158	7.0%
Other Compensation	\$787,498	\$211,043	\$211,043	\$0	0.0%	(\$576,455)	(73.2%)
Related Benefits	\$24,853,318	\$26,204,370	\$26,464,327	\$259,957	1.0%	\$1,611,009	6.5%
Travel	\$229,289	\$376,443	\$293,443	(\$83,000)	(22.0%)	\$64,154	28.0%
Operating Services	\$1,781,427	\$2,628,472	\$2,509,096	(\$119,376)	(4.5%)	\$727,669	40.8%
Supplies	\$703,829	\$927,354	\$648,084	(\$279,270)	(30.1%)	(\$55,745)	(7.9%)
Professional Services	\$3,224,460	\$4,200,810	\$3,597,110	(\$603,700)	(14.4%)	\$372,650	11.6%
Other Charges/IAT	\$43,803,759	\$62,237,963	\$54,230,343	(\$8,007,620)	(12.9%)	\$10,426,584	23.8%
Acq/Major Repairs	\$3,535,929	\$1,307,351	\$0	(\$1,307,351)	(100.0%)	(\$3,535,929)	(100.0%)
Total	\$122,368,239	\$143,938,973	\$134,433,334	(\$9,505,639)	(6.6%)	\$12,065,095	9.9%

Source: Office of Planning and Budget - Budget Supporting Documents and HB1 of the 2021 Regular Session

SIGNIFICANT EXPENDITURE CHANGES

Compared to the FY21 Existing Operating Budget

(\$8.0 M) - Other Charges & Interagency Transfers

(\$6.7 M) Removes budget authority carried over into FY 21 from the prior year associated with the Environmental Trust Fund Account and the Hazardous Waste Site Cleanup Fund.

(\$2.0 M) Decrease to rent in the Galvez building as a result of the building being paid off.

\$500,000 Increase to the Hazardous Waste Site Cleanup Fund for remediation of the American Creosote-Winnfield-Superfund Site.

(\$1.3 M) - Acquisitions & Major Repairs

(\$1.2 M) Removes funding for one-time expenses for acquisitions and major repairs.

OTHER CHARGES DETAIL

Other Charges

Amount	Description
\$18,622,164	Motor Fuels Underground Storage Tank Fund
\$12,031,064	Waste Tire Program
\$2,980,882	Hazardous Waste Site Cleanup
\$650,000	Brownfields State Response Program
\$4,310,845	Volkswagen Settlement Funds
\$2,038,590	Miscellaneous Grants
\$870,247	Underground Storage Tank (UST) Operator Training Program & Leaking Underground Storage Tank (LUST) Trust Fund
\$108,910	Enhancement of permit & enforcement programs
\$93,000	Transuranic Waste Shipment
\$24,000	Risk Assessment Superfund
\$41,729,702	Total Other Charges

Interagency Transfers

Amount	Description
\$5,069,509	Statewide Services (Mailing, Printing, UPS, Administrative Law, Civil Service, Treasury, OTS Fees)
\$3,275,908	Rent, Utility Services, & Building Maintenance
\$2,105,422	DOTD Volkswagen Contract
\$866,392	Office of Risk Management Fees
\$745,171	Other state department transfers (DOTD, DPS, etc.)
\$435,139	Security Costs
\$3,100	Supply Costs
\$12,500,641	Total Interagency Transfers

DISCRETIONARY EXPENSES

**Total Budget
\$134.4 Million**

State General Fund
\$529,624

Interagency
Transfers
\$174,361

Self-generated
Revenue
\$75.1 Million

Statutory
Dedications
\$39.4 Million

Federal Funds
\$19.2 Million

**Non-discretionary
\$28.0 Million**

**Discretionary
\$47.1 Million**

Retirement UAL
\$11.2 Million

Title V of the Clean Air Act
\$7.1 Million

Retirees' Group Benefits
\$3.6 Million

Performance Partnership Grants (PPG)
\$3.1 Million

Rent and Maintenance of Buildings
\$1.6 Million

EPA Nonpoint Source Water Program
\$723,267

Clean Water Revolving Loan
\$602,000

Environmental Compliance
\$16.6 Million

Management and Finance
\$10.7 Million

Environmental Assessment
\$10.6 Million

Secretary
\$4.8 Million

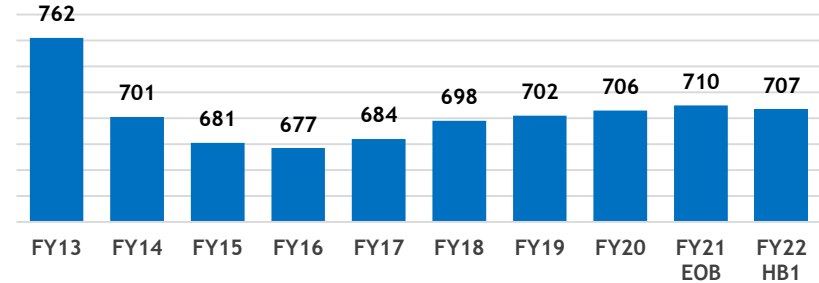
Environmental Services
\$4.3 Million

PERSONNEL INFORMATION

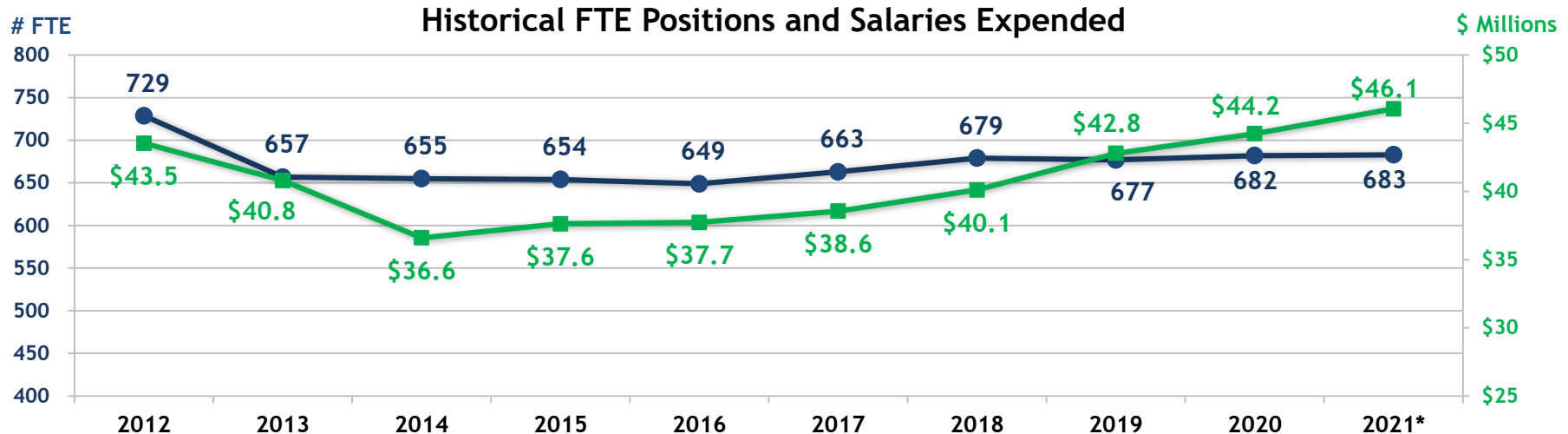
FY 2022 Recommended Positions

707	Total Authorized T.O. Positions (698 Classified, 9 Unclassified)
0	Authorized Other Charges Positions
0	Non-T.O. FTE Positions
34	Vacant Positions (February 1, 2021)

Historical Authorized T.O. Positions



Source: Office of Planning and Budget - Budget Supporting Documents

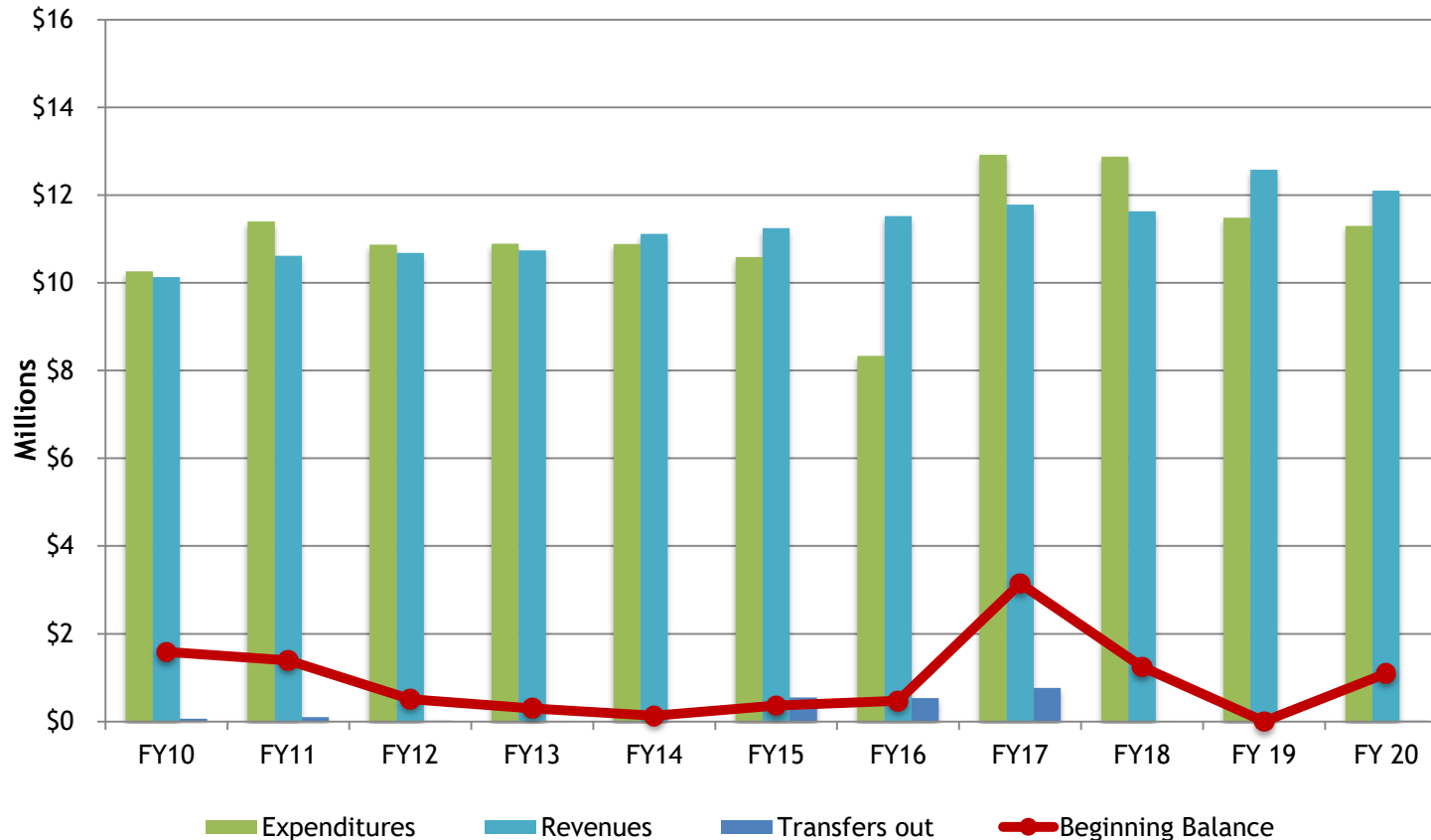


Source: Dept. of Civil Service and Budget Supporting Documents

*Existing Operating Budget 12/1/20

WASTE TIRE MANAGEMENT FUND

Waste Tire Management Fund R.S. 30:2418



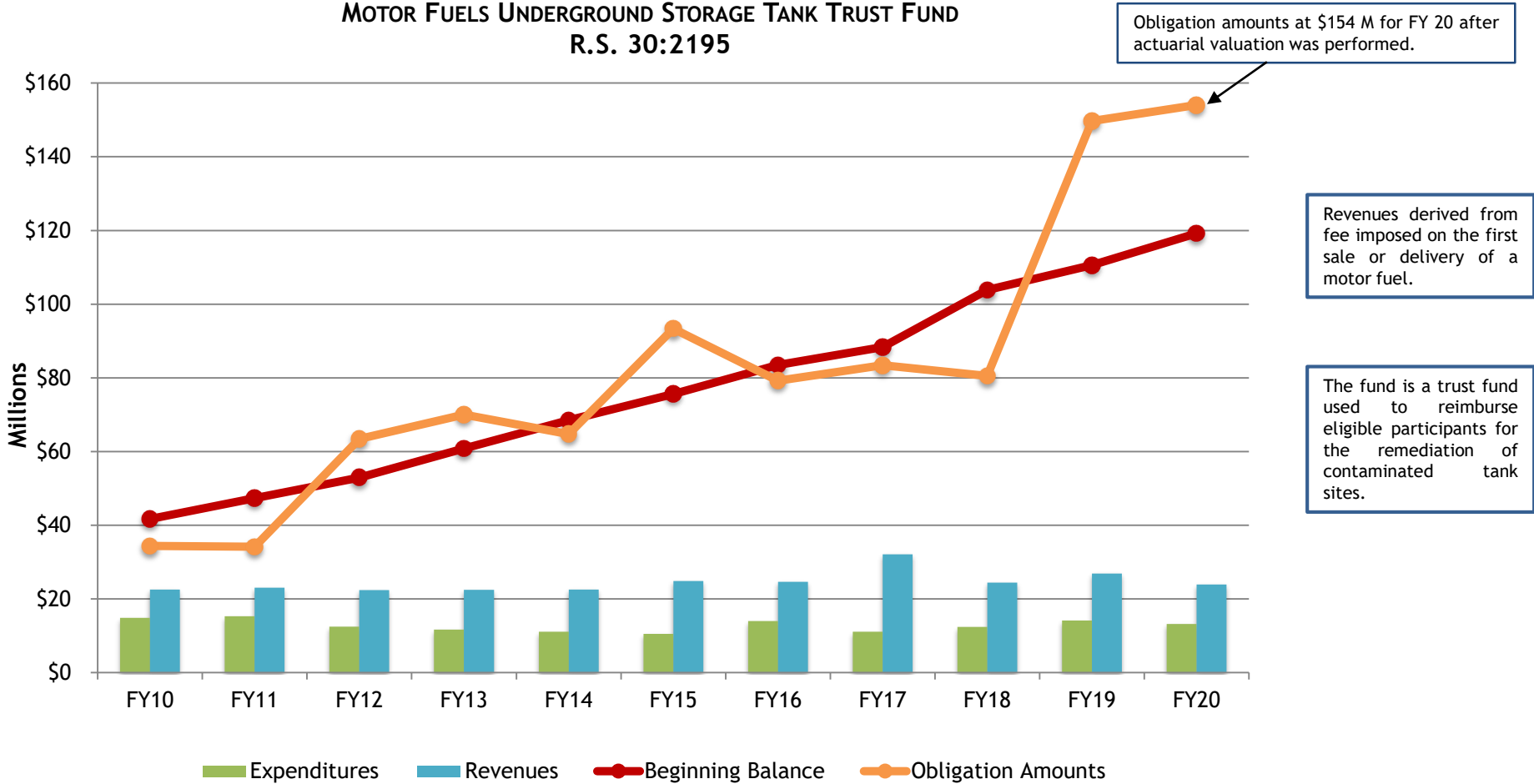
Revenues are derived from a fee collected on the sale of tires.

Act 541 of 2018 RS raised the fee for passenger and light truck tires from \$2 per tire to \$2.25 per tire. The increased fees are temporary through July 31, 2022.

The vast majority of the funds are payments to permitted waste tire processors, and approximately 10% goes to the administration of the fund.

MOTOR FUELS UNDERGROUND STORAGE TANK TRUST FUND

MOTOR FUELS UNDERGROUND STORAGE TANK TRUST FUND
R.S. 30:2195

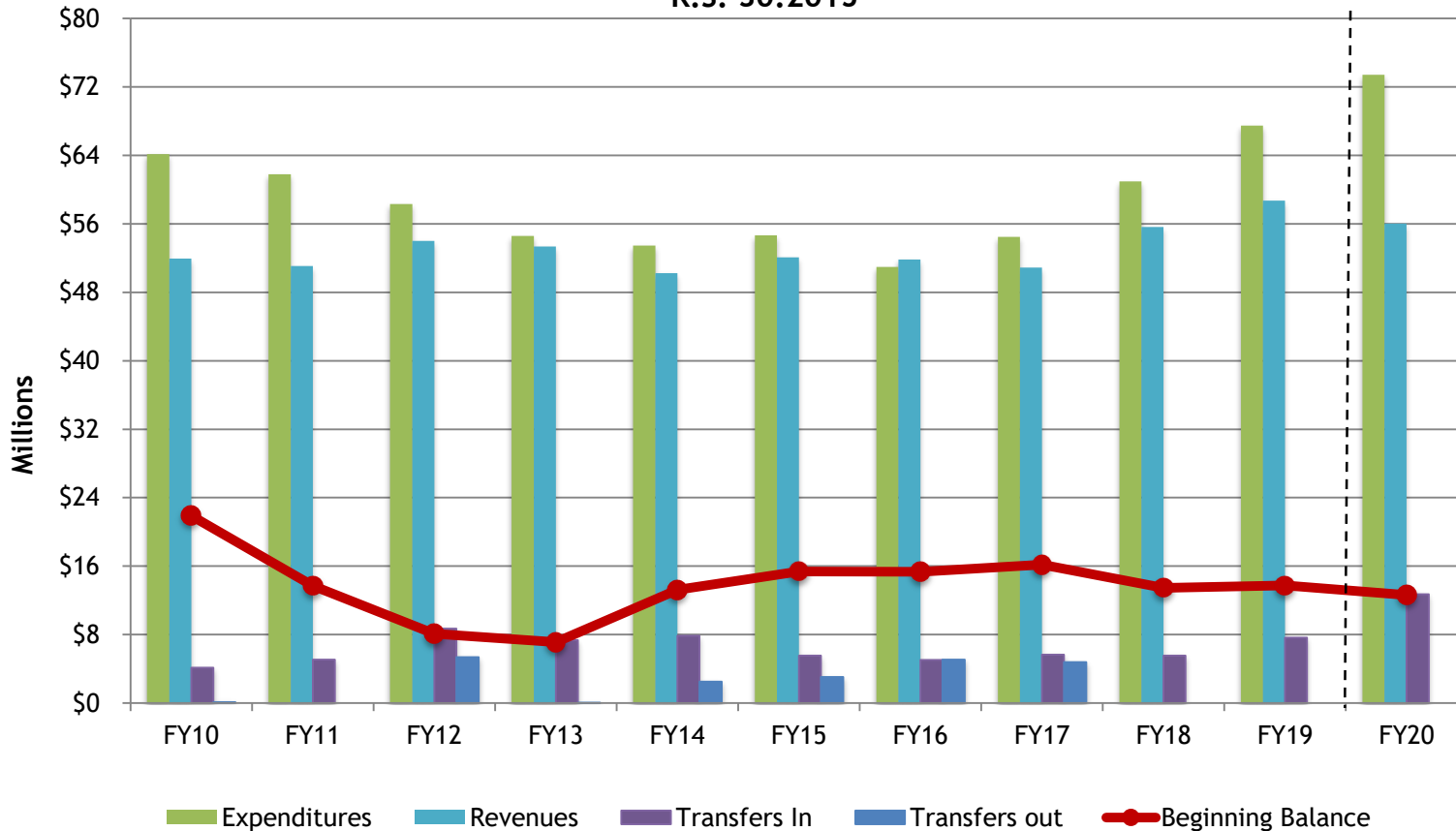


Source: Dept. Of Treasury Dedicated Funds History Statements

*As of 2/18/2021

ENVIRONMENTAL TRUST FUND ACCOUNT

Environmental Trust Fund Account
R.S. 30:2015



Revenues are derived from monitoring and maintenance fees collected for permits, licenses, registrations, or variances.

The fund is used for the general operation of the department.

The Environmental Trust Fund was changed from a statutory dedicated fund to a Fees & Self-Generated Revenue Fund Account as of July 1, 2020.

*As of 10/20/2020

Source: Dept. Of Treasury Dedicated Funds History Statements

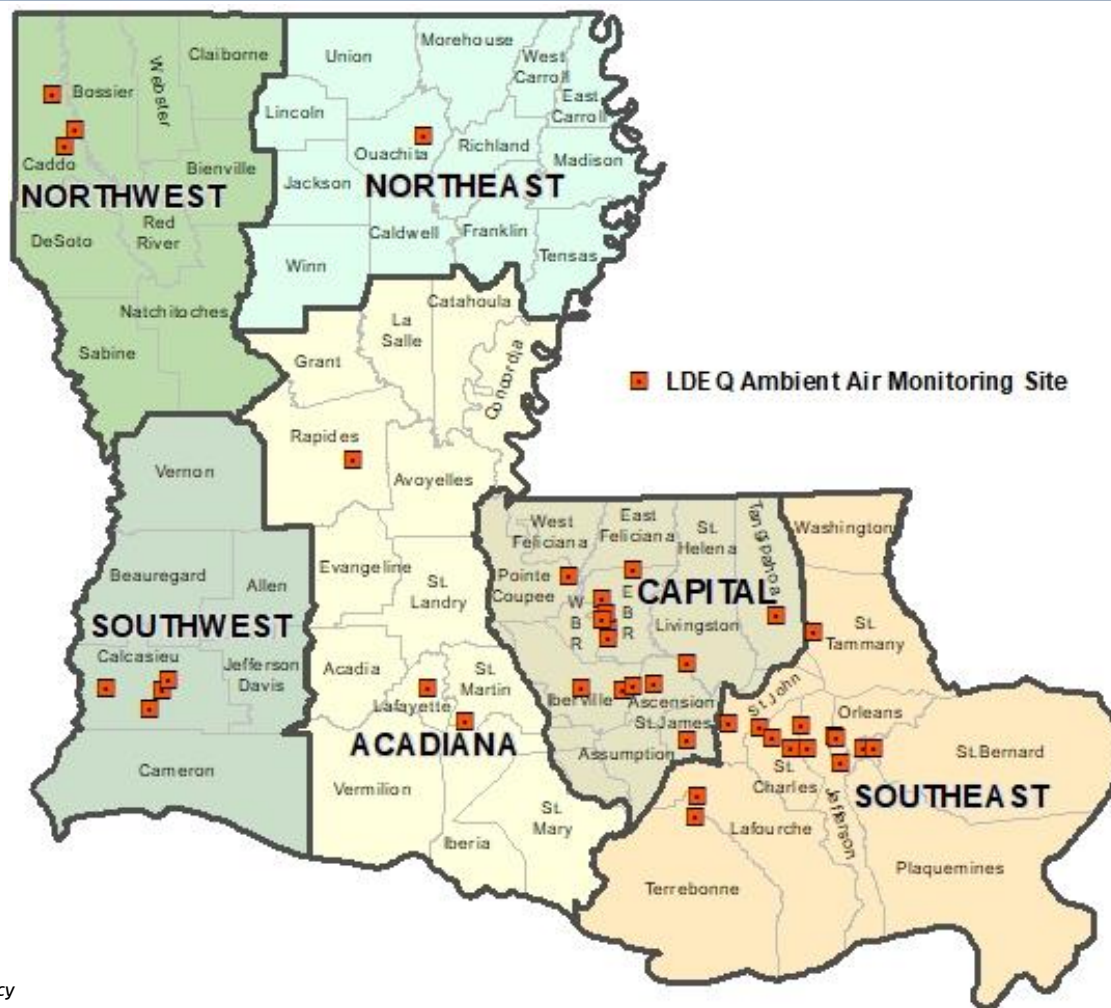
AIR QUALITY INDEX

The Air Quality Index (AQI) is an indicator of overall air quality. In 2020, the average maximum AQI for Louisiana parishes was 96.1 which is less than the US average of 99.1.

Daily AQI Color	Levels of Concern	Values of Index	Description of Air Quality
Green	Good	0 to 50	Air quality is satisfactory, and air pollution poses little or no risk.
Yellow	Moderate	51 to 100	Air quality is acceptable. However, there may be a risk for some people, particularly those who are unusually sensitive to air pollution.
Orange	Unhealthy for Sensitive Groups	101 to 150	Members of sensitive groups may experience health effects. The general public is less likely to be affected.
Red	Unhealthy	151 to 200	Some members of the general public may experience health effects; members of sensitive groups may experience more serious health effects.
Purple	Very Unhealthy	201 to 300	Health alert: The risk of health effects is increased for everyone.
Maroon	Hazardous	301 and higher	Health warning of emergency conditions: everyone is more likely to be affected.

Source: U.S. Environmental Protection Agency

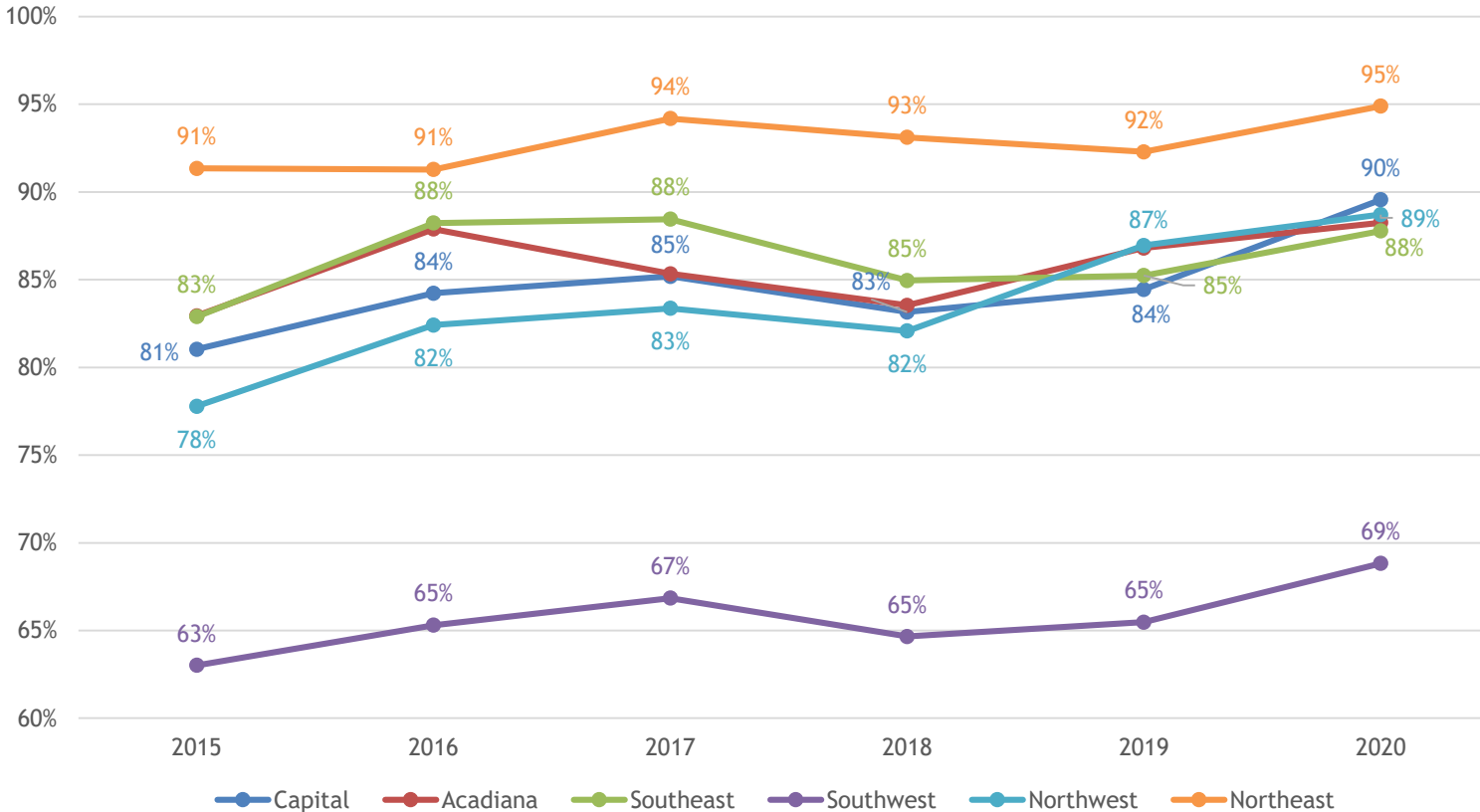
AIR QUALITY INDEX



Source: U.S. Environmental Protection Agency

AIR QUALITY INDEX

Average Regional Percent of Good Days



While there is some variation in the data, all six regions have seen an increase in the average number of good days since 2015.

Louisiana has experienced no Very Unhealthy Days (AQI between 201 and 300) or any Hazardous Days (301+) in the past six years. The percentage of Unhealthy Days has not exceeded 3 percent.

Source: U.S. Environmental Protection Agency

DEPARTMENT CONTACTS



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